GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:988
ANSWERED ON:29.07.2005
ECONOMY IN GOVERNMENT EXPENDITURE
Jha Shri Raghunath

Will the Minister of FINANCE be pleased to state:

(a) whether the arrears of wealth tax, income tax, central excise duty and NPAs have increased over the years ;

(b) if so, the percentage of increase recorded separately in each of the last three years ;

(c) the reasons thereof together with steps taken to bring down the arrears;

(d) whether it is a fact that many of the projects have either been scrapped or not taken in hand because of paucity of funds; and

(e) if so, the steps taken to bring economy in Government expenditure?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): The details of arrears of income tax (including corporate tax),central excise duty, wealth tax and NPAs with the percentage of increase/decrease recorded separately in each of the last three years are given below :

Income Tax (including Corporate tax)

Year	Total amount of Income Tax arrears (Rs. in crores) (approx)	%increase/decrease over last year.
2002-2003	72290	(-)0.52
2003-2004	87886	21.57
2004-2005	100379	14.22

Separate figures for outstanding income tax and corporate tax are not maintained

Central Excise

Year	Total amount of Central Excise arrears (Rs. in crores) (approx)	% increase/decrease over last year.
2002-2003	11502	0.90%
2003-2004	12613	9.66%
2004-2005	12195	3.31%

Wealth Tax

Year	Total amount of Wealth Tax	% increase over last year

	Arrears (Rs. in crores) (approx)
2001-2002	732 39.42
2002-2003	1057 44.39
2003-2004	794 (-) 33.12
#2004-2005	289 (Provisionai)

Figures available upto December, 2004 only.

Non-Performing Assets Non-Performing Assets of scheduled commercial banks have come down in the last three years. The details are given below :-

(Rs. in crore)

Year	Gross	Net
2002	70861 (10.4)	35554 (5.5)
2003	68714 (8.8)	32764(4.4)
2004	64786 (7.2)	24617(2.9)

Figures in brackets are percentage of gross/net NPAs to gross/net advances.

(c) : Realisation and generation of arrears is an ongoing process. The Government has constituted Task Forces to develop and implement multi-pronged strategy for effecting substantial recovery from arrears of direct and indirect taxes. Further, so far as the direct taxes are concerned steps taken include making it statutorily obligatory for the Income Tax Appellate Tribunals to decide such appeals, where stay has been granted, within 180 days of the date on which the stay order was passed; restricting the powers of the Commissioner of Income Tax (Appeal) to set-aside a case or refer it back to the Assessing Officer for fresh orders; issuing comprehensive instruction for recovery of tax demand to the field units; raising the monetary ceilings in respect of various I-T authorities for exercising the powers to write-off irrecoverable arrears; setting up of Special Units for recovery of outstanding tax dues, etc.

So far as indirect taxes are concerned, a special multi-pronged drive has been launched to recover the arrears. Further steps being taken include speedy action for recovery of realizable arrears of duty, monitoring cases before different Courts/Tribunals, moving petitions before Courts and other appellate authorities for eariy hearing and disposal of pending cases and expeditious disposal of cases pending with Commissioner(Appeals).

(d): As per information furnished by Ministry of Statistics and Programme implementation (Infrastructure and Project Monitoring Division), 8 projects which have been dropped, inter alia, due to paucity of funds are at Annexure-I.

(e): it is Government`s constant endeavour to contain non-plan, non-developmental expenditure. It is in this context that alongwith other measures, instructions to avoid wasteful expenditure sre issued from time to time. The Ministry of Finance issued guidelines on expenditure management, fiscal prudence and austerity on 24th September, 2004, These measures, inter-alia, include all profit making PSEs to declare the minimum dividend of 20% on equity or post tax profits; prohibiting any deviations of expenditure from the prescribed budgetary ceilings; a mandatory 10% cut in the budgetary allocations for non-plan non-salary expenditure as well as the expenditure on petrol/oil/lubricants and travel; revision of non-tax receipts so as to ensure recovery of the cost of services; ban on the creation of posts; reduction in the number of sanctioned posts; restrictions on purchase of new vehicles; restrictions on foreign travel and on entertainment/hospitality expenses; review by the administrative Ministries/Departments of release of funds to those Autonomous Institutions having substantial balances unutilised with them and kept in deposit with the Banks and reduction in a graded manner of release of deficit grants to those Autonomous Institutions which have potential of raising funds. Ministries/Departments have been requested to ensure strict compliance of these austerity instructions.